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RR RUEHWEB

DE RUEHVJ #1847/01 3451603
ZNR UUUUU ZZH
R 101603Z DEC 08
FM AMEMBASSY SARAJEVO
TO SECSTATE WASHDC 9377

UNCLAS SARAJEVO 001847

SENSITIVE

SIPDIS

E.O. 12958: N/A
TAGS: [PREL](#) [PGOV](#) [PREF](#) [SCUL](#) [BK](#)
SUBJECT: DCM's DECEMBER 3-4 VISIT TO BANJA LUKA

11. (SBU) SUMMARY. During a two-day visit to Banja Luka on December 3 and 4, Deputy Chief of Mission (DCM) Judith Cefkin met with a series of key Republika Srpska (RS) political leaders on topics including the recent Prud/Odzak agreement, developments within in RS political parties, and the recent RS criminal charges against international and BiH officials. She delivered USG positions, with a focus on the need for a constitutional amendment on Brcko. In separate meetings with Former RS President Dragan Cavic and with Party for Democratic Progress (PDP) Vice President Branislav Borenovic, the two outlined their dissatisfaction with the current state of affairs and previewed possible plans to strike an independent course. The DCM also visited the homes of two Croat returnee families that received funding to repair their roofs through the PRM Ambassador's fund; and met separately with high school participants in the CIVITAS program, with alumni of US exchange programs, and with representatives of Transparency International. END SUMMARY.

RS OFFICIALS ADVOCATE A LAW ON BRCKO

12. (SBU) Both RS National Assembly (RSNA) speaker Igor Radojicic and RS President Rajko Kuzmanovic told the DCM that the best way to resolve the issue of Brcko is to quickly pass a law based on the Odzak/Prud agreement, while leaving open the possibility of a constitutional amendment (CA), "later." Both argued that it will be difficult, if not impossible, to garner the consensus necessary to adopt a CA on Brcko. (Note: Radojicic is a Vice President in RS Prime Minister Milorad Dodik's Alliance of Independent Social Democrats (SNSD) and Kuzmanovic, although officially unaffiliated, ran as an SNSD candidate and firmly supports SNSD positions. End Note.)

13. (SBU) The DCM warned them that a law alone cannot bind the BiH Constitutional Court (CC), and reiterated that we see a CA as the best means of completing the Brcko Final Award. She added that the USG has a special responsibility for Brcko and will not be willing to declare the Peace Implementation Council (PIC) objective on Brcko met unless we are fully confident of the resolution. Radojicic and Kuzmanovic insisted that Brcko cannot become a third entity. The DCM reminded them that the USG does not support the creation of a third entity, and assured them that a CA will not give Brcko such status.

14. (SBU) When the DCM asked Radojicic if the RS accepts the Brcko Final Award, Radojicic dodged the question by claiming that, "there has been full implementation of the final award over the past ten years." He added that, "it is not possible to complain about the RS's behavior" towards Brcko. He added that if a law on Brcko is passed, then the RSNA could pass a resolution supporting that law and overturning its 1999 decision on the Brcko Final Award.
RS OFFICIALS OPTIMISTIC ABOUT THE PRUD/ODZAK AGREEMENT

15. (SBU) Radojicic and Kuzmanovic told the DCM that the SNSD is working to achieve adoption of the Prud/Odzak agreement. Radojicic said that, "it looks optimistic" that the BiH Parliament will adopt a law on state property, while adding that, "anything is possible - this is still BiH."

RADOJICIC ALLEGES "FOREIGN INFLUENCE" ON JUDICIARY

¶6. (SBU) The DCM stressed USG concern over the RS Government's filing of "charges" against nine international and local officials, including the Principal Deputy High Representative (PDHR) Raffi Gregorian, stating that we view this as misuse of legal processes to advance political goals. Radojicic responded by complaining about what he termed, "foreign influence and pressure" on the BiH judiciary. He said that the judiciary should be fully independent from all foreign and domestic pressures. The DCM emphasized that PDHR Gregorian has full U.S. support and will stay in BiH until his work is done.

"DODIK IS MISUNDERSTOOD, AND BIH INSTITUTIONS WORK JUST FINE"

¶7. (SBU) RS President Kuzmanovic spoke at length about how Dodik is not, "a nationalist or an autocrat," but is just, "misunderstood." He urged the DCM to not pay attention to Dodik's rhetoric, explaining that Dodik is, "an emotional politician... and easily provoked," which, he said, "is a problem." Kuzmanovic insisted that the RS is part of BiH, not, "a foreign body in BiH," adding that the RS only wants what it is entitled to under Dayton. He asserted that despite the rhetoric, "objectively speaking, RS leaders are fully cooperative." The DCM expressed USG concern over the rhetoric, insisting that, "words have consequences." She emphasized USG support for a functional BiH government. Kuzmanovic said that the situation in BiH is, "less dire" than people say. He claimed that BiH institutions, "function well" and that Serb officials, "never obstruct them." He claimed that, "RS officials are energetically working to achieve a maximum degree of compromise."

¶8. (SBU) Kuzmanovic said that constitutional reform is needed for BiH, but that "Dayton" must remain the framework. He explained that the RS is ready to increase the efficiency of BiH state institutions, by supporting constitutional amendments to increase the number of deputies in the BiH House of Representatives (HoR), empower the chairman of the BiH Council of Ministers, and to establish a single rotating BiH President (to replace the current three-member Presidency). But he stressed that the RS will not consent to changes in entity voting.

PDP STILL "TORN" ABOUT BREAKING WITH THE SNSD

¶9. (SBU) In a meeting with PDP Vice President Branislav Borenovic, Borenovic complained bitterly that his party's coalition partner - SNSD -- never consults PDP on anything, but nevertheless expects PDP's, "obedience" when it is time to vote in the RSNA. He said that PDP officials found out about the criminal charges that the RS Government filed through the media, and are angry that Dodik did this without consulting them.

¶10. (SBU) Borenovic claimed that he, PDP President Mladen Ivanic, and the other Vice Presidents all strongly support a break with the SNSD. However, he admitted that Ivanic is, "torn" about actually going through with it, and said that the next two years will be very difficult for PDP if they make this move. He said that PDP will hold a main board session before the end of the year, to discuss the party's options.

SDS TURMOIL CONTINUES, CAVIC READY TO START A NEW PARTY

¶11. (SBU) In a December 3 meeting, Former RS President Dragan Cavic told the DCM that before the end of December he will either take over and reform the SDS or launch his own party. He acknowledged that ousting party President Mladen Bosic as the head of SDS would be difficult. Regarding the option of starting a new party, Cavic said that a deciding factor will be whether he can persuade any SDS deputies in the RSNA to join him. He said that ten deputies, including seven from the RSNA, two from the BiH HoR and one from the BiH House of Peoples, have expressed their support for him. He admitted that he will be lucky if two or three of them transfer to the new party immediately, but said that he believed that many more SDS deputies share his views and might eventually join him. Cavic said that his party will be a "free-market oriented, center moderate people's party" that is more conservative than "social democratic." He said the party will accept Dayton as the basis of the BiH state, but will also acknowledge that it can be improved to increase the functionality of the state.

¶12. (SBU) (Note: Borenovic later told us that despite declining support for Bosic, he believes only two to three SDS Deputies (out of 17) are ready to, "turn in their membership cards," and go with Cavic, while other members of the anti-Bosic camp are calculating their chances of being re-elected in 2010 if they were to make such a move. Therefore, he doubted that Cavic would succeed if he launches his own party. According to Borenovic, SDS voters are too emotionally attached to the "SDS label" to leave the party, and Cavic lacks support in traditional SDS strongholds such as Doboje, Bijeljina and the eastern RS. End Note.)
TI STRUGGLING TO SURVIVE IN THE RS

¶13. (SBU) In their unmarked office in Banja Luka, Transparency International (TI) Country Director Srdjan Blagovcanin and member of the TI Board of Directors Aleksandra Martinovic painted a grim picture of the environment in which NGOs operate in the RS. Blagovcanin claimed that RS Government officials frequently refer to TI publicly as a, "criminal organization" and that TI is subject to complete, "media isolation" in the RS. He said that they cannot even organize a press conference because no media would come, and even worse, "the regime would most likely send someone who would cause an incident." Despite the ongoing pressure, Blagovcanin said that TI continues to investigate endemic corruption in the RS, as well as in the Federation, though he described the problem in the RS as much more ominous. According to Blagovcanin, Dodik keeps the RS public in a state of constant fear of Bosniaks and the IC. Blagovcanin explained that as long as people in the RS continue to see Dodik as the only one who can protect them, then they will never support any corruption investigation against Dodik.

TRISIC-BABIC ALLEGES MALFEASANCE IN AMONG BOSNIAKS

¶14. (SBU) BiH Deputy Foreign Affairs Minister Ana Trisic-Babic complained that the IC focuses on Dodik and Party for BiH President Haris Silajdzic, while ignoring, "the good work of Nebojsa Radmanovic and Nikola Spiric, who are working to build the state." She commented that Silajdzic should be held criminally liable for numerous financial improprieties, including recently giving an expensive Lipizzaner horse to Libyan leader Muammar al-Qadhafi, which she claims was not his to give in his official capacity. She questioned why Dodik is the only one being investigated. Trisic-Babic also told the DCM she is seriously considering filing charges against BiH Foreign Affairs Minister Sven Alkalaj. She claimed that he has committed slander and misused his position. She admitted that she is no longer on speaking terms with Alkalaj.

PUBLIC DIPLOMACY IN BANJA LUKA

¶15. (SBU) During the visit the DCM, together with Embassy Public Affairs and Branch Office staff, met with an inspiring group of high school students who participate in the CIVITAS program. The students outlined their projects to improve life in their schools and communities including ecological actions, combating drugs and fighting corruption in education. The DCM also gave a lecture at the American Corner and met with alumni of U.S. exchange programs, who talked about their experiences in the U.S.

SITE VISIT TO AMBASSADOR'S FUND CROAT GRANTEE BENEFICIARIES

¶16. (SBU) A highlight of the Banja Luka program was a visit to the homes of two Croat returnee families who were the recipients of Ambassador's Fund/Democracy Commission funding for the reconstruction of their roofs. RS Minister of Refugees Omer Brankovic and the head of CARITAS of the Banja Luka Archdiocese Miljenko Anicic joined the DCM for the event, where they all emphasized the importance of supporting the sustainable return of displaced persons from all ethnic groups. The families, who participated actively in the project by contributing materials and manpower, described their life in Banja Luka today, saying that they do not experience discrimination.

COMMENT

¶17. (SBU) The DCM's visit provided some perspective into several of the trends that have been developing in the RS in recent months. Dodik remains as strong as ever, with his party and the RS public standing fully firmly behind him. Dodik and his team are united in their support for the Prud/Odzak agreement, including the provision

calling for a law (not a CA) on Brcko. Banja Luka continues to project its own version of reality -- one that stands in stark contrast to the reality perceived in Sarajevo. RS officials and the RS media they completely control have repeated their own version of reality so many times that they and the RS public now believe it completely. In their version, Dodik is an innocent man and protector of the Serbs, who is wrongly being prosecuted by Bosniak and international forces who will stop at nothing to bring him down.

In their version of reality, Serbs in BiH institutions are valiantly working to save BiH, despite efforts by Bosniak politicians to destroy the state (by calling for the abolishment of the RS, and by trying to block the Prud agreement).

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